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NOT TO BE PUBLISHED IN THE OFFICIAL REPORTS

IN THE COURT OF APPEAL OF THE STATE OF CALIFORNIA

SECOND APPELLATE DISTRICT

DIVISION TWO

CHRISTOPHER LUONG, Cross-complainant and Respondent, v. MASTER CONSTRUCTION DEVELOPMENT, INC. et al., Cross-defendants and Appellants.	B285109 (Los Angeles County Super. Ct. No. BC608151)

APPEAL from a judgment of the Superior Court of Los Angeles County. Elizabeth Allen White, Judge. Affirmed.

Law Office of Cory Evan Parker and Cory Evan Parker for Cross-defendants and Appellants.

J. Scott Souders, P.C., and J. Scott Souders for Cross-complainant and Respondent.

In this construction contract dispute, appellants Master Construction Development, Inc. (Master Construction) and its sole shareholder Tony Vu (collectively, appellants) appeal the judgment following a court trial.

In 2014, Master Construction and respondent Christopher Luong entered an ill-fated home improvement contract (contract), over which the parties eventually landed in court. After trial, the trial court held appellants had breached the contract and owed Luong $118,293 in damages. On appeal, appellants claim the trial court made evidentiary errors requiring reversal as well as improperly held Tony Vu personally liable on an alter ego theory when the evidence did not support such a finding. As discussed below, we conclude appellants forfeited their evidentiary arguments and substantial evidence supports the trial court's decision to hold Tony Vu personally liable. We affirm.

BACKGROUND

1. Home Improvement Project

Unless otherwise indicated, the following facts are undisputed.

In August 2014, Luong and Master Construction executed the contract, which governed a remodeling project at Luong's home located in the City of Cerritos (the project). The contract was in English, but Tony Vu explained it to Luong verbally in Vietnamese. Luong agreed to pay Master Construction a total of $120,000 to perform the remodeling work according to building plans provided by Luong (plans). Payments were to be made according to a "payment schedule." The plans were prepared by Luong's friend and construction designer Thanh Lu with the help of civil engineer Don Inman. The City of Cerritos approved the plans in June 2014.

The contract is subject to Business and Professions Code section 7159 (section 7159), but did not comply with all aspects of that section. A number of changes to the plans and, therefore, to the contract, were made or requested, but except in one instance no written change orders were created or signed by the parties. Thus, not having been reduced to writing and signed by the parties, any change orders also did not comply with section 7159.

The project did not go well. Tony's brother, Johnny Vu,[1] was in charge of the project. Much of appellants' work was defective, substandard, did not comport with the terms of the contract, or was left unfinished. Appellants admit "certain aspects of the work they performed failed to meet industry standards." Nonetheless, Luong made a total of $79,000 in periodic progress payments. Luong never wrote a check to Master Construction, but instead wrote each check to Johnny, who deposited them into his personal bank account. At some point before the project was finished, Luong stopped paying appellants, and either Luong fired appellants or on their own they stopped working on the project.

In January 2015, appellants filed a mechanics lien against Luong's property, claiming Luong owed Master Construction $18,665 plus interest. Later, appellants assigned its claims against Luong to Glendale Loss Mitigation.

2. Complaint and Cross-complaint

Glendale Loss Mitigation filed a complaint against Luong to foreclose on the mechanics lien, as well as for quantum meruit, open book, and breach of contract. The complaint sought $18,665

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[1] Because Tony and Johnny have the same last name, we refer to them by their first names.

plus interest for work done at Luong's home. The trial court eventually dismissed the complaint for failure to prosecute.

While the complaint was pending, Luong filed a cross-complaint against appellants for breach of contract, negligent misrepresentation, fraud, and removal of the mechanics lien.[2] The cross-complaint alleged Master Construction was the alter ego of Tony. It is Luong's cross-complaint that is at issue here.

Luong attached the contract to his cross-complaint. The contract was two pages and written in English. It listed in cursory form the work appellants were to perform at Luong's home. The contract referenced a "payment schedule" but none was included with the cross-complaint and none appears in the record on appeal. Appellants' answer to the cross-complaint is not in the record on appeal either.

3. Pretrial Filings

a. Exhibit and Witness Lists

One week before trial started, the parties filed their joint exhibit and joint witness lists. The exhibits included a "Construction Contract dated August 20, 2014 between Master Construction Dev. and Christopher Luong [with Payment Schedule],"[3] "Canceled Checks for Payments made from Christopher Luong to Master Construction Dev. and/or its principals," the approved building plans for the remodeling project, various reports, and photographs. None of the trial exhibits is in the record on appeal. The witness list included

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[2] The cross-complaint also included a claim against Glendale Loss Mitigation, which is not at issue or relevant here.

[3] It is not clear why the contract is described as dated August 20, 2014, when the contract attached to the cross-complaint is dated August 14, 2014.

Luong's experts, Robert Reed and Thanh Lu. Luong also designated Don Inman as a "civil engineer/percipient expert." Appellants designated both Lu and Inman as "adverse expert[s] and percipient testimony."

b. Luong's Trial Brief

The day before trial started, Luong filed his trial brief. Luong stated he spoke fluent Vietnamese and was "not able to read or write English with any material competence." He claimed appellants (a) failed to build the project according to the plans, (b) failed to submit plan revisions to the City of Cerritos or obtain city approval of plan changes, and (c) failed to obtain Luong's consent to deviate from the plans. Although Luong recognized appellants would claim he verbally ordered all changes to the project, Luong insisted he was "ignorant of construction" and relied entirely on appellants to complete the project in accordance with the contract. Luong stated he requested one change to a bathroom but made no other change requests. Luong explained that in December 2014, he asked the plan designer Lu to visit his home and to give his opinion on the work being done. Lu told Luong the work was poor and the plans were not being followed. It was only then that Luong realized he had a problem. He asked appellants to fix identified mistakes or deficient workmanship. But instead of fixing anything, appellants never returned to the work site. Luong terminated appellants. The next month appellants filed the mechanics lien against the property.

In his trial brief, Luong noted that neither the contract nor any alleged change orders complied with section 7159. The agreement—although in writing—did not include required notifications or disclosures. And any change orders were not in

writing or signed by the parties, as required by section 7159. Luong stated appellants would claim incorrectly that he "forced" them to make changes to the plans by giving oral change orders. In his brief, Luong also noted the complaint he had filed against appellants with the California Contractor's State License Board (CSLB). After investigating the matter, the CSLB issued a report finding appellants' work on the project did " 'not meet accepted trade standards for good and workman-like construction' " and filed an "accusation" against appellants, which had not yet been heard at the time trial began. Based on his expert's advice, Luong claimed it would cost him $118,293 to bring his home into conformity with the approved plans.

Finally, in his trial brief Luong argued appellant could not make any claim or assert any defense of offset. Luong noted that to the extent appellants might have had a claim against him for payment due for work already performed, appellants had assigned any such claim to Glendale Loss Mitigation. Perhaps in recognition of that, appellants did not raise any such defense in their answer to the cross-complaint.

c. Appellants' Trial Brief

On the first day of trial, appellants filed their trial brief. Although appellants agreed "[t]he construction of the remodel varied substantially from its plans," they claimed Luong—not appellants—"repeatedly directed [appellants] to deviate from the plans to suit his own tastes" and that "the deviations from the plans were at Luong's knowing and deliberate orders." Appellants also admitted "certain aspects of the work they performed failed to meet industry standards" and some tasks were left undone.

In their trial brief, appellants cited Business and Professions Code section 7159.6, which requires among other things that change orders to a home improvement contract be in writing. Although appellants conceded that, "[h]ere, change orders and extra work were performed without the writings called for by the code," appellants argued they nonetheless could and would "avail. . . themselves of equitable defenses." Appellants listed their affirmative defenses as "unjust enrichment, consent, estoppel, waiver, and substantial benefit" and stated they planned to add the affirmative defense of unclean hands. Other than one case addressing unclean hands, appellants' trial brief included no case citations. In closing, appellants' trial brief stated, "Luong should not be allowed to insist on changes to the approved plans for his remodel and then use lack of a proper writing as a basis for demanding that the project be redone according to the plans."

4. Court Trial

A court trial was held over the course of three days in April 2017. Four people testified: Luong (who testified through a Vietnamese interpreter), Robert Reed (Luong's expert), Tony, and Johnny. Luong did not call either Thanh Lu or Don Inman, although both were listed on the parties' joint witness list. On the whole, the trial testimony comported with the facts as stated in the parties' trial briefs.

Substantively, Luong, Tony, and Johnny were mostly in agreement with one another. For example, no one disputed the existence of the contract or that the contract required the project to be completed according to the plans, within a specified amount of time, and for the total amount of $120,000. No one disputed that, over the course of the project, Luong paid a total of $79,000

to Johnny personally, which he deposited into his personal bank account. No one disputed that some of appellants' work was defective or poorly done, or that appellants did not complete the project on time. No one disputed that the work was not done according to the plans. And although Luong's requested change to the bathroom was put in writing and signed, counsel stipulated there were no other "signed change orders." During closing argument, appellants' counsel admitted appellants did not follow the plans and some of their work was substandard. Finally, no one disputed the damages calculation offered by Luong's expert, Reed. Reed stated it would cost $118,293 to put Luong's home "back to the condition that it's supposed to be, according to the approved set of plans."

The most obvious and glaring conflict in the testimony concerned who requested or made changes to the plans and, therefore, to the contract. Although Luong testified he wanted appellants to follow the plans, as required by the contract, he admitted he requested one change to a bathroom that deviated from the plans. He signed a document stating entirely in English that he requested that change and would be "responsible for the city code for any violation." Tony testified, however, that during construction, Luong insisted on many more changes to the plans. For example, Tony said Luong demanded appellants install a window in the kitchen where the plans called for a door. Johnny also testified that Luong demanded multiple unapproved changes to the plans, including changes to electrical and plumbing work, the entry doors, the roof canopy, an attic vent, and the exterior paint color and molding. Johnny stated he felt an enormous amount of stress and pressure to do as Luong insisted and to keep the project on schedule. And despite knowing he was

required to put change orders in writing, Johnny never did. Johnny testified that, eventually in November 2014, he "walk[ed] off the job because [he] couldn't handle the stress."

There also was a fair amount of testimony and discussion regarding a wall or column that remained in Luong's living room. It was undisputed that the approved plans required appellants to remove an existing wall in the living room. Johnny testified, however, that as the wall was being torn down, appellants determined it was a load bearing wall. Thus, due to safety concerns and despite the fact that the plans required the entire wall to be removed, appellants refused to remove the load bearing beam and instead made the beam into a column that remained in the living room. Although Johnny testified that Luong agreed to this change, no written change order was prepared. Nor did the City of Cerritos approve the change.

Luong's expert Reed testified the column was not necessary. However, Reed explained the plans as drawn and approved by the city were incorrect in that they relied on certain attic beams being a particular size, when in fact they were not. Reed noted Inman, the engineer who helped to create the plans, had mismeasured those beams. Nonetheless, Reed testified the column still was not necessary because work could be done to the roof that would fix the error. Reed's suggested fix also would have varied from the plans. He explained the "normal process" would have been for appellants to revise the plans and seek city approval of the revised plans. This was not done. Counsel for appellants insisted on introducing further evidence that without the column in the living room, "the whole ceiling might have collapsed." Specifically, counsel wanted to show Inman had reconsidered his previous assessment and now believed the wall

or at least the beam was necessary. However, the trial court prohibited this line of questioning because it was undisputed that the plans called for complete removal of the wall and there were no written change orders and no modified and approved plans.

As to the overarching issue of changes to the plans and, therefore, to the contract, the trial court made its position clear during trial. The court stated, "The law requires that if an owner is going to be requesting a change, that is incumbent on the contract[or] that he had to get a signed change order. And if that deviates from the plan, then you go back and you get an approval from the city to deviate from the plans." And when appellants' counsel stated it was relevant and important to show Luong demanded many of the changes to the plans, the court stated, "I am not going to get into what happened with him and what the discussions were. The law is the law. So I am not going to deviate from what is contained in the Business and Professions Code, nor am I going to deviate from what your client obligated himself to do under this contract." Similarly, on the final day of trial, the court again stated, "The case was presented based upon articulable legal theories supported by the Business and Professions Code, and anything that—any evidence that the defense tries to put on relative to Mr. Luong . . . requesting changes is barred by the fact that the B&P Code requires that any changes be made via signed change order. [¶] So I can't fault [Luong's counsel] when, in fact, he's just simply relying on what the law provides and the court is applying the law and determining that [appellants'] evidence is irrelevant. So I—I can't blame [Luong's counsel] for following the law, nor can the court determine that in following the law, you have been

prejudiced." No one objected to the law as recited by the court or cited law to the contrary.

Appellants' counsel noted for the record that he had wanted to ask Luong, but was precluded from doing so, the following: "I had intended to ask him about changes he made to the canopy. I had intended to ask him about changes he made to the molding and the trim on the exterior of the house and who picked out the trim. I had intended to ask him about various other small changes since there is a shed built on the side of the house, which wasn't part of the plans, which my clients built, which took them days to do, which was on his insistence, which wasn't in the plan or the contract." Appellants' counsel did not cite or reference any legal authority for his position.

In addition to who requested or suggested changes to the plans, the parties also disputed Luong's ability to understand or speak English. Luong testified he could speak only a few words or phrases in English, while Tony and Johnny both believed Luong could understand and speak English better than he let on.

With respect to Luong's progress payments while the project was ongoing, Luong testified Tony told him to make his checks out to Johnny because Johnny "took care of" financial matters for Tony. Johnny's testimony was consistent. He stated Luong wrote checks to him personally, and Johnny deposited those checks into his personal bank account. Johnny stated it was faster and more convenient to purchase supplies for the project when he could withdraw funds from his personal account rather than from Master Construction's account. He explained that "sometimes the company account [does not] have enough funds when I go to buy the materials. And it delays and make [*sic*] the job slower . . . . Then when I have it, I know the balance

and the money in my account so I can do it. It's more convenient."

On April 24, 2017, at the conclusion of the trial, the trial court took the matter under submission.

5. "Tentative Statement of Decision" and Objection

On May 17, 2017, a few weeks after trial concluded, the trial court issued a "Statement of Decision (Tentative)," in which the court stated it "hereby presents its Tentative Statement of Decision." The trial court did not reference or indicate its "Tentative Statement of Decision" was subject to either section 632 of the Code of Civil Procedure or rule 3.1590 of the California Rules of Court (rule 3.1590), both of which address procedures related to a statement of decision. In its "Tentative Statement of Decision" the court included findings of fact and legal conclusions. The trial court ruled in favor of Luong, finding appellants both liable for the total sum of $118,293 on the breach of contract claim only. The court also held the issuer of Master Construction's contractor bond liable as well. The trial court stated the evidence did not support claims for misrepresentation or fraud.

On May 30, 2017, 13 days after the trial court had entered its "Tentative Statement of Decision," appellants filed an "objection" to that document. First, appellants argued Master Construction's contractor bond was limited to $12,500 and, therefore, the bond issuer could not be liable for more than that amount. Appellants then argued that in its "Tentative Statement of Decision" the trial court failed to explain the factual and legal bases for its decisions as to the principal controverted issues of (a) Luong's culpability with respect to deviations from the plans, (b) Tony's personal liability for the acts of Master Construction,

and (c) appellants' liability for the deviations from the plans with respect to the living room wall. Finally, appellants raised a "procedural objection," stating that the "Tentative Statement of Decision" was "premature in that it was issued with the court's tentative decision and therefore precluded [appellants] from exercising their rights to request a statement of decision *Code of Civil Procedure* § 632, and to thereafter submit objections to the same with proposals as to the content of the statement of decision."

Luong filed an opposition to appellants' objection. Luong agreed the bond issuer could be liable for no more than $12,500. Luong then argued no one had requested a statement of decision and the time for doing so had lapsed. Luong claimed the trial court's "Tentative Statement of Decision" was simply the court's tentative decision and not an actual statement of decision under Code of Civil Procedure section 632 or rule 3.1590. Thus, Luong argued, had appellants desired a statement of decision, they were required to request one no later than June 1, 2017, but had failed to do so. Finally, Luong argued appellants' objection was no more than a general challenge to the trial court's ultimate findings of fact and was hopelessly vague and unsupported by citations to the trial transcript.

On June 16, 2017, the trial court ruled on appellants' objection. The trial court sustained the objection with respect to the issuer of Master Construction's contractor bond. But the court overruled appellants' remaining objections "for the reasons stated" in Luong's opposition.

6. Decision and Judgment

That same date, the trial court issued its "Statement of Decision," which was almost identical to its "Tentative Statement

of Decision." The court included findings of fact, which echoed those we have recited above. The court's legal analysis relied upon section 7159 and its requirement that any changes to a home improvement contract must be in writing and signed by the parties. The trial court noted it was "undisputed that the work was not completed, that no change orders were signed and that [Master Construction] abandoned the job leaving work which was not according to the plans and specifications." The court also determined the damages as determined by Reed were "fair and reasonable" and that Master Construction was "undercapitalized such that it was unable to pay for supplies and payroll and instead required Luong to write checks directly to Tony Vu and Johnny Vu."

The court held appellants liable for breach of contract damages in the total amount of $118,293. Although the court concluded Luong had failed to prove his claims for misrepresentation and fraud, the court found his claim for declaratory relief supported and, therefore, ordered the release of the mechanics lien. Finally, the court denied appellants' "affirmative defense of offset" "for lack of evidence." Judgment was entered accordingly.

Appellants appealed from the judgment.

DISCUSSION

1. Statement of Decision

The parties dispute the effect of the trial court's "Tentative Statement of Decision" and appellants' "objection" to it.

"When a proper request for a statement of decision has been made, the scope of appellate review may be affected." (*Thompson v. Asimos* (2016) 6 Cal.App.5th 970, 981 (*Thompson*).) If a "statement of decision does not resolve a controverted issue

or is ambiguous, and the omission or ambiguity was brought to the attention of the trial court, 'it shall not be inferred on appeal . . . that the trial court decided in favor of the prevailing party as to those facts or on that issue.' " (*Ibid.*) But when a party fails properly to object to a court's statement of decision or to specify the controverted issues, "objections to the adequacy of a statement of decision may be deemed waived on appeal." (*Id.* at p. 983.) Nonetheless, even when proper procedure has been followed, " '[t]he trial court is not required to respond point by point to the issues posed in a request for statement of decision. The court's statement of decision is sufficient if it fairly discloses the court's determination as to the ultimate facts and material issues in the case.' " (*Ibid.*)

Luong claims the trial court's "Tentative Statement of Decision" was simply the court's tentative decision and appellants' objection to the document did not satisfy the requirements for requesting or objecting to a true statement of decision. As a result, Luong states the doctrine of implied findings applies and, therefore, we must presume the trial court made all necessary findings to support the judgment. Appellants do not dispute their failure to request a statement of decision. In addition, appellants note that the trial court's "Tentative Statement of Decision" did not comply with an optional procedure described in rule 3.1590(c) that permits the trial court to issue a "proposed statement of decision" to which parties may object in accordance with that rule. Nonetheless, in light of their objection below, appellants assert they did not waive their right to raise their challenges to the court's decision on appeal.

Although it is clear appellants did not request a statement of decision, the trial court issued what it called a "Tentative

Statement of Decision." Rule 3.1590 provides that the trial court may on its own issue a "proposed" statement of decision, to which a party may object within 15 days. (Rule 3.1590(c) & (g).) In light of the somewhat confusing terminology used by the trial court—i.e., calling its decision a "Tentative Statement of Decision" as opposed to a rule 3.1590(c) "proposed statement of decision"—and appellants' objection which was timely if rule 3.1590(g) applied, we do not deem their objections waived on appeal.

2. Evidentiary Rulings

We review the trial court's evidentiary rulings for an abuse of discretion. (*Shaw v. County of Santa Cruz* (2008) 170 Cal.App.4th 229, 281 (*Shaw*).)

a. Oral Change Requests

Appellants argue the trial court erred when it excluded testimony related to Luong's alleged oral requests to deviate from the plans. In support of their position appellants rely on a line of cases neither cited nor discussed below, including *Amelco Electric v. City of Thousand Oaks* (2002) 27 Cal.4th 228 and *Asdourian v. Araj* (1985) 38 Cal.3d 276. These cases stand for the propositions that parties to a written contract may impliedly abandon the contract (*Amelco Electric v. City of Thousand Oaks*, *supra*, at p. 235) and that, in certain circumstances, oral construction contracts otherwise subject to section 7159 may be enforced (*Asdourian v. Araj*, *supra*, at p. 294). Appellants state the trial court abused its discretion by ignoring this allegedly applicable case law and, as a result, the judgment is contrary to law and must be reversed.

Regardless of the applicability or inapplicability of the cases cited on appeal, however, we conclude the trial court—

having never had the opportunity to consider this line of cases—did not err. Had appellants brought the newly cited cases to the trial court's attention, and assuming those cases to be applicable, the court could have permitted testimony on the relevant issues raised by those cases. In other words, all relevant facts could have been fully developed below. However, because appellants never brought the law on which they now rely to the trial court's attention, the court unsurprisingly followed the law the parties had cited, namely section 7159, which unequivocally requires all changes to a home improvement contract to be in writing and signed by both parties. (§ 7159, subd. (d).) "Where, as here, a proponent of evidence does not assert a particular ground of admissibility below, he or she is precluded from arguing on appeal that the evidence was admissible under a particular theory." (*Shaw*, *supra*, 170 Cal.App.4th at p. 282.)

Based on the record before us, we are not in a position to make a determination whether the cases appellants now cite are applicable or not, or whether based on those cases the judgment should be reversed. By not raising those cases below, appellants have forfeited their arguments based on them. (*Shaw*, *supra*, 170 Cal.App.4th at p. 282; Evid. Code, § 354.)

In their reply brief on appeal, appellants assert it was illogical for the trial court, on the one hand, to conclude the contract was enforceable and, on the other hand, conclude the alleged oral changes to the contract were not enforceable. For example, appellants state, "Despite the trial court holding the contract between [Luong] and Appellants was enforceable and not void, the trial court nevertheless held that any evidence of oral change orders was irrelevant because section 7159 requires change orders to be in writing. . . . It was an abuse of discretion

for the trial court to ignore section 7159 in allowing [Luong] to present evidence of a contract and damages thereunder yet exclude as irrelevant under section 7159 Appellants' defenses and affirmative defenses to the breach. The section 7159 ship sailed once the trial court found an enforceable contract between [Luong] and Appellants." As an initial matter, we do not see any incongruity between, on the one hand, finding a contract valid and enforceable and, on the other hand, finding alleged amendments to that contract invalid and unenforceable. Second, to the extent appellants argue the trial court erred in finding the contract valid—because, although in writing, it did not include all disclosures and notifications required by section 7159—we are not persuaded. There was no objection below to the validity of the contract. No one disputed the existence of the contract or that it contained the terms of the parties' agreement, in particular that the project was to be completed according to the plans provided, on a set schedule, for a set price. Indeed, the opposite is true. Everyone concerned relied on the contract as providing the terms of the parties' agreement.

b. Expert Testimony

Appellants also argue the trial court abused its discretion by prohibiting expert Don Inman from testifying regarding the wall in Luong's living room. Appellants claim Inman would have testified that, although the plans required the wall to be removed entirely, it was structurally unsafe to remove the wall (i.e., to follow the plans) because doing so would have caused the roof to collapse. We find no abuse of discretion.

The parties agreed both that, with respect to the living room wall, the plans were not followed and there was no written, signed change order addressing the wall. Thus, contrary to

appellants' claim, the trial court did not rely upon the testimony of Luong's expert, Reed, to the exclusion of Inman. Rather, having determined that any changes to the plans must have been made in writing and signed by the parties, the trial court concluded it was irrelevant whether the wall could or could not be removed safely. As the trial court noted, assuming it was unsafe to remove the wall as the plans required, appellants should have put the necessary changes in writing and had all parties sign the change order, not to mention obtained city approval of the modified plans. Thus, because appellants did not explain the relevance of this testimony given the absence of any written change order, we conclude the trial court did not abuse its discretion in excluding Inman's testimony.

3. Alter Ego

Finally, appellants argue the trial court erred when it held Tony personally liable for Luong's damages. In particular, appellants contend substantial evidence does not support the trial court's explicit finding that Master Construction was undercapitalized or its implicit findings that Tony was the company's alter ego and that it would be inequitable to hold otherwise. We disagree.

a. Applicable Law and Standard of Review

"There is no litmus test to determine when the corporate veil will be pierced; rather the result will depend on the circumstances of each particular case. There are, nevertheless, two general requirements: '(1) that there be such unity of interest and ownership that the separate personalities of the corporation and the individual no longer exist and (2) that, if the acts are treated as those of the corporation alone, an inequitable result will follow.' " (*Mesler v. Bragg Management Co.* (1985) 39

Cal.3d 290, 300.) " 'The issue is not so much whether, for all purposes, the corporation is the "alter ego" of its stockholders or officers, nor whether the very purpose of the organization of the corporation was to defraud the individual who is now in court complaining, as it is an issue of whether in the particular case presented and for the purposes of such case justice and equity can best be accomplished and fraud and unfairness defeated by a disregard of the distinct entity of the corporate form.' " (*Id.* at pp. 300–301.) "The essence of the alter ego doctrine is that justice be done. 'What the formula comes down to, once shorn of verbiage about control, instrumentality, agency, and corporate entity, is that liability is imposed to reach an equitable result.' [Citation.] Thus the corporate form will be disregarded only in narrowly defined circumstances and only when the ends of justice so require." (*Id.* at p. 301.)

We review the trial court's findings for substantial evidence. In doing so, we "must resolve all conflicts in the evidence in favor of the prevailing party and must draw all reasonable inferences in support of the trial court's judgment." (*Leung v. Verdugo Hills Hospital* (2012) 55 Cal.4th 291, 308.) "[S]ubstantial evidence includes circumstantial evidence and the reasonable inferences flowing therefrom." (*County of Kern v. Jadwin* (2011) 197 Cal.App.4th 65, 73.) "A factual finding based upon the drawing of an inference is to be upheld on appeal." (*Ibid.*) Nonetheless, "[w]hile substantial evidence may consist of inferences, such inferences must be 'a product of logic and reason' and 'must rest on the evidence' [citation]; inferences that are the result of mere speculation or conjecture cannot support a finding." (*Kuhn v. Department of General Services* (1994) 22 Cal.App.4th 1627, 1633.)

b. Substantial Evidence Supports Findings

Here, the trial court found Master Construction "was undercapitalized such that it was unable to pay for supplies and payroll and instead required Luong to write checks directly to Tony Vu and Johnny Vu." The court then held Tony liable along with Master Construction for the total amount of damages awarded. Thus, the court made implicit findings or inferences that Tony was Master Construction's alter ego and that holding otherwise would be inequitable.

We conclude substantial evidence supports the trial court's explicit and implicit findings. It is undisputed that, although the contract was between Luong and Master Construction, Luong never wrote a check to Master Construction. Rather, it is undisputed that Tony directed Luong to write every check under the contract to Johnny personally. It is also undisputed that Johnny deposited those checks into his personal bank account. Clearly, there was no separation between the corporation and the individuals. Indeed, it is unclear what role Master Construction played with respect to the project other than having its name on the contract. Additionally, Johnny testified not only that it was more convenient for him to process Luong's payments in that manner, but also that sometimes the Master Construction account did not have sufficient funds to purchase supplies for the project. The record before us includes no evidence disputing Johnny's testimony. Appellants did not present testimony or evidence to rebut Johnny's statements concerning the solvency of Master Construction's bank account.

Based on this record, we conclude the evidence easily supports a finding that there was no separation between Master Construction and Tony. In addition, while different yet

reasonable inferences could be drawn from the evidence, we conclude it is reasonable to infer Master Construction was unable to pay its debts and perhaps purposely avoided being able to pay its debts by depositing funds for company work into personal bank accounts. Thus, in the particular circumstances of this case, substantial evidence supports a finding that it would be inequitable not to hold Tony personally liable for breach of the contract.

DISPOSITION

The judgment is affirmed. Luong is awarded his costs on appeal.

NOT TO BE PUBLISHED.

LUI, P. J.

We concur:

CHAVEZ, J.

HOFFSTADT, J.